



MEMORANDUM

TO: Legislative Fiscal Committee
FROM: Dave Reynolds, Fiscal Services Division
DATE: September 3, 2013
RE: University of Iowa Lease Purchase Notification

The LSA received lease purchase notifications for the University of Iowa on August 30, 2013, for the purchase of new vehicles, improvements to Kinnick Stadium, and to construct a Football Operations Facility at the University.

The first lease purchase is for the purchase of 102 university vehicles. The estimated cost is \$2.6 million, including \$2.5 million in principal and \$106,000 in interest. The agreement will be for a period of five years at an interest rate of 1.69%. The annual debt service payments are estimated to total \$513,000 and will be funded from the University's fleet services funds.

The second lease purchase is for the purchase and installation of a new video display system at Kinnick Stadium. The estimated cost is \$8.5 million, including \$8.0 million in principal and \$497,000 in interest. The agreement will be for a period of five years at an interest rate of 2.41%. The annual debt service payments are estimated to total \$1.7 million and will be funded from the University's athletic funds.

The third lease purchase is for the construction and equipping of a new Football Operations Facility. The estimated cost is \$33.9 million, including \$30.0 million in principal and \$3.9 million in interest. The agreement will be for a period of 10 years at an interest rate of 2.48%. The annual debt service payments are estimated to total \$3.4 million and will be funded from the University's athletic funds.

Additional information regarding the lease purchase and the improvements is provided on the attached document.

This notice is for information purposes only and no action is required on behalf of the Committee. Iowa Code Section 8.46, requires State agencies proposing to enter into a lease purchase agreement of at least \$50,000 to notify the LSA at least 30 days prior to entering into a contract. The Board of Regents did not fulfill this requirement as the above agreements were effective July 10, 2013. The Code section also requires the LSA to submit all notifications to the Legislative Fiscal Committee. If you have any questions, do not hesitate to contact me at (515) 281-6934.

cc: Jeff Nelson, Office of the Attorney General
Jina Lilly, Office of the Treasurer of State
Robert Donley, Board of Regents

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University of Northern Iowa
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Iowa Braille and Sight Saving School
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August 30, 2013

The Honorable Robert Dvorsky
Co-Chair, Legislative Fiscal Committee
c/o Legislative Services Agency

The Honorable Chuck Soderberg
Co-Chair, Legislative Fiscal Committee
c/o Legislative Services Agency

Re: Lease-Purchase Notifications

Dear Co-Chairs Dvorsky and Soderberg:

As required by Iowa Code §8.46, we are providing notice of the University of Iowa's entrance into lease purchase agreements for the University to:

1. Replace aging motor vehicles for the University's fleet services.
2. Provide a digital scoreboard video and sound system for Kinnick Stadium.
3. Replace outdated support facilities for the football program.

Details of the transaction are on the attached data forms.

Sincerely,

Robert Donley

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Attachments

cc: Holly Lyons, LSA
Robin Madison
Legislative Liaisons
Legislative Log

**LEASE PURCHASE PRIOR NOTIFICATION
(FOR PURCHASES GREATER THAN \$50,000)**

Agency Name	Budget Unit/Fund Name	Budget Unit/Fund No.
Board of Regents, State of Iowa	State University of Iowa	

ACQUISITION INFORMATION

Description of Acquisition: Purchase 102 motor vehicles for the State University of Iowa departmental and rental vehicle fleet.		
Type of Acquisition _X_ New ___ Replacement ___ Continuation	Duration of Lease (Mo/Yr) Start: 7/10/2013 End: 7/1/2018	Contract Type Master Lease _5_ year term Estimated Useful Life _5_ years
		Estimated Cost if Purchased Outright: \$2,450,000
General Fund:	\$	
Federal:	\$	Principle: \$2,450,000
Revolving Fund:	\$	
Road Use Tax:	\$	Finance Charge: \$106,156
Primary Road Fund:	\$	
Other: Fleet Services Funds	\$2,556,156	Interest Rate: 1.69% (tax-exempt rate)
Total:	\$2,556,156	

CASH FLOW

	Fiscal Year 14 Cost:	Fiscal Year 15 Cost:	Fiscal Year 16 Cost:	Fiscal Year 17 Cost:	Fiscal Year 18 Cost:	Total Cost
Principle:	464,078	483,975	492,218	500,601	509,128	2,450,000
Interest:	36,877	29,825	21,582	13,199	4,673	106,156
Total:	500,955	513,800	513,800	513,800	513,801	2,556,156
	Fiscal Year Cost:	Fiscal Year Cost:	Fiscal Year Cost:	Fiscal Year Cost:	Fiscal Year Cost:	Total Cost
Principle:						
Interest:						
Total:						

JUSTIFICATION/CONSEQUENCES OF DELAY OR ABANDONMENT

To replace aging motor vehicles in the State University of Iowa departmental and rental vehicle fleet.

Contact Person: Terry Johnson	Title: Associate Vice President & University Controller	Phone Number: (319) 335-2791
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LEASE PURCHASE PRIOR NOTIFICATION (FOR PURCHASES GREATER THAN \$50,000)

Agency Name	Budget Unit/Fund Name	Budget Unit/Fund No.
Board of Regents, State of Iowa	State University of Iowa	

ACQUISITION INFORMATION

Description of Acquisition: Purchase and installation of a new Kinnick Stadium video display system, infrastructure needed for installation, and control room and sound system equipment.

Type of Acquisition _X_ New ___ Replacement ___ Continuation	Duration of Lease (Mo/Yr) Start: 7/10/2013 End: 7/1/2018	Contract Type Master Lease _5_ year term	Estimated Useful Life _10_ years
		Estimated Cost if Purchased Outright: \$8,000,000	
General Fund:	\$		
Federal:	\$	Principle: \$8,000,000	
Revolving Fund:	\$		
Road Use Tax:	\$	Finance Charge: \$496,939	
Primary Road Fund:	\$		
Other: Athletic Funds	\$8,496,939	Interest Rate: 2.41% (taxable rate)	
Total:	\$8,496,939		

CASH FLOW

	Fiscal Year 14 Cost:	Fiscal Year 15 Cost:	Fiscal Year 16 Cost:	Fiscal Year 17 Cost:	Fiscal Year 18 Cost:	Total Cost
Principle:	1,494,049	1,569,180	1,607,418	1,646,587	1,682,766	8,000,000
Interest:	171,968	139,536	101,298	62,129	22,008	496,939
Total:	1,666,017	1,708,716	1,708,716	1,708,716	1,704,774	8,496,939
	Fiscal Year Cost:	Fiscal Year Cost:	Fiscal Year Cost:	Fiscal Year Cost:	Fiscal Year Cost:	Total Cost
Principle:						
Interest:						
Total:						

JUSTIFICATION/CONSEQUENCES OF DELAY OR ABANDONMENT

To improve the fan experience at Kinnick Stadium by providing state of the art digital scoreboard video and sound systems and enhance ability to generate additional sponsorship income.

Contact Person: Terry Johnson	Title: Associate Vice President & University Controller	Phone Number: (319) 335-2791
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**LEASE PURCHASE PRIOR NOTIFICATION
(FOR PURCHASES GREATER THAN \$50,000)**

Agency Name	Budget Unit/Fund Name	Budget Unit/Fund No.
Board of Regents, State of Iowa	State University of Iowa	

ACQUISITION INFORMATION

Description of Acquisition: Construct and equip the Football Operations Facility at the State University of Iowa. This new building will provide for coaches offices, training rooms, meeting space, equipment and locker rooms supporting the intercollegiate football program.

Type of Acquisition <input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Continuation	Duration of Lease (Mo/Yr) Start: 7/10/2013 End: 7/1/2023	Contract Type Master Lease _10_ year term	Estimated Useful Life _50_ years
		Estimated Cost if Purchased Outright: \$30,000,000	
General Fund:	\$		
Federal:	\$	Principle: \$30,000,000	
Revolving Fund:	\$		
Road Use Tax:	\$	Finance Charge: \$3,894,314	
Primary Road Fund:	\$		
Other: Athletic Funds	\$33,894,314	Interest Rate: 2.48% (tax-exempt rate)	
Total:	\$33,894,314		

CASH FLOW

	Fiscal Year 14 Cost:	Fiscal Year 15 Cost:	Fiscal Year 16 Cost:	Fiscal Year 17 Cost:	Fiscal Year 18 Cost:	Total Cost
Principle:	2,616,429	2,749,931	2,818,910	2,818,619	2,962,102	
Interest:	696,549	647,995	579,016	508,307	435,824	
Total:	3,312,978	3,397,926	3,397,926	3,397,926	3,397,926	
	Fiscal Year 19 Cost:	Fiscal Year 20 Cost:	Fiscal Year 21 Cost:	Fiscal Year 22 Cost:	Fiscal Year 22 Cost:	Total Cost
Principle:	3,036,403	3,112,568	3,190,643	3,270,676	3,352,719	30,000,000
Interest:	361,523	285,358	207,283	127,250	45,209	3,894,314
Total:	3,397,926	3,397,926	3,397,926	3,397,926	3,397,928	33,894,314

JUSTIFICATION/CONSEQUENCES OF DELAY OR ABANDONMENT

To replace outdated support facilities for the intercollegiate football program at the State University of Iowa.

Contact Person: Terry Johnson	Title: Associate Vice President & University Controller	Phone Number: (319) 335-2791
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